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The Director of Central Intelligence

Washington, D.C. 20505

NIC-02211/87

26 May 1987

National Intelligence Council

MEMORANDUM FOR: Acting Director of Central Intelligence

FROM: Robert E. Blackwell
National Intelligence Officer for USSR

SUBJECT: May Warning and Forecast Report

1. Afghanistan: Whither Soviet Policy?

A. Discussion

The community generally concurred in DIA's presentation about the prospects for this summer's military campaign. DIA anticipates heavy fighting throughout the good weather campaign season, but by fall there will probably be no significant change in the overall balance of forces. Moscow is certain to take additional measures to try to improve security in the key cities of Kabul, Herat and Qandahar. Toward that end, Moscow might opt to deploy additional motorized rifle troops or KGB security troops, although currently there are no signs of it. Moscow might also opt to deploy 1-2 additional Spetsnaz battalions for more effective border interdiction operations.

The community anticipates continued pressure on Pakistan, most likely by air and artillery strikes and subversive activity. The Soviets apparently continue to believe that the pressure will eventually pay dividends, although this approach for now has only encouraged Pakistan to seek more assistance from the US.

As for the political side of the conflict, DIA noted that the evidence indicates Moscow had very unrealistic expectations about the prospects for success of its cease-fire and national reconciliation campaign. (This again raises the question of just how well the Soviet leadership understands what is going on in Afghanistan.) On balance, however, DIA does not think that the Soviets will abandon it, at least not in the near term. Other moves to promote national reconciliation might include the promulgation--at long last--of a draft constitution and/or some new proposal for "elections."

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B. Warning

The community thinks there is some possibility--although certainly less than even--of Soviet and/or Afghan ground forces operations into Pakistan this summer, perhaps in response to a series of successful Stinger shootdowns, more resistance raids inside the USSR and/or in order to influence the Geneva talks. DIA and CIA/NESA rate the chances higher than State/INR and CIA/SOVA and believe there is some chance that Soviet troops might be used. CIA/SOVA and State/INR believe that Moscow would want to minimize international fallout by relying on the Afghans.

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2. The Leadership Situation.**A. Discussion**

The presentation on the current leadership situation by State/INR highlighted the following points:

- On balance, the increasing prominence of allies such as CPSU Secretary Yakovlev (promoted to candidate Politburo member in January) and senior Secretary Zaykov (moved up sharply in leadership rankings on May Day) suggests that Gorbachev is still making progress on the leadership front despite his failure to achieve all he wanted at the January plenum.
- Ligachev's position as "second secretary" remains secure for now. There is no solid evidence that he is losing his responsibilities in the Secretariat to Gorbachev allies. Gorbachev may be grooming Zaykov to replace Minister of Defense Sokolov (who lost ground in the May Day standings) rather than Ligachev.
- At this point it does not appear that major leadership changes will be approved at the Central Committee plenum due to be convened in the next few weeks. Yakovlev could advance to full membership and Secretary Dobrynin may be promoted to candidate membership. There continue to be rumors of tensions between Gorbachev and Ligachev and even KGB chief Chebrikov, but any moves involving such senior members of the Politburo remain less likely.

The discussion suggested community agreement on most of these points. Some analysts, however, believe that there is already good evidence that Ligachev's responsibilities for issues such as personnel and ideology have been eroded. There continue, moreover,

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to be some differences in assessing the seriousness of current tensions in the top leadership. We agree that there are divergent views in the Politburo on the proper scope and pace of change, and that Gorbachev's more conservative colleagues are placing significant constraints on his freedom of maneuver, at least on the domestic policy front. Some analysts believe that these constraints are symptoms of serious political conflict and think a leadership showdown may be looming. Others, however, doubt that matters have yet reached this point. NIO/USSR concurs with the latter view but believes that over the next several years a serious leadership conflict on the order of the 1957 "Anti-Party Group" leadership crisis is likely.

B. Warning Issues

The community believes Gorbachev wants some major changes in the current Politburo. Many junior members of the Politburo and Secretariat are more strongly supportive of Gorbachev and his programs than holdovers from the Brezhnev and Andropov eras remaining among the ranks of full members. Were Gorbachev to be successful in advancing some of the former and removing some of the latter, he could be in a position to push more forcefully on controversial aspects of his foreign and domestic agenda. We don't believe Gorbachev is yet in a position to make more than modest progress on this political agenda at the next plenum, but we do not rule out such an outcome.

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We need to watch closely for signs of Ligachev's status. The choice of someone other than Ligachev, such as Zaykov, to supervise a regional level cadre plenum or to keynote at a major party personnel conference would be one indication that he is losing the key personnel portfolio.

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3. Economic Reform: Status and Prospects

A. Discussion

The community was in substantial agreement with the highlights of the initial presentation by CIA/SOVA:

- Gorbachev's actual achievements on the economic reform front so far are modest. Legislation approved to date has fallen well short of his rhetoric and of what has been accomplished in Hungary or China. Many of the initial measures implemented (such as the reorganization of the foreign trade sector and other elements of the central economic bureaucracy) have been disruptive or done little to improve performance.

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- Nevertheless, the situation is fluid and still developing. The reform debate in Soviet media has taken a radical turn over the last few months, with proponents of reform beginning to attack pillars of the traditional economic system and senior economists close to Gorbachev now speaking openly of the benefits of a "market mechanism." Moreover, Gorbachev has scored some important political successes, such as pushing through the new law sanctioning private economic activity over serious opposition.
- The upcoming plenum, which is to center on economic reform, will be a critical test of the regime's intentions, and will afford Gorbachev a chance to show just how far and how fast he is prepared to push for a new approach to managing the economy. We anticipate that the plenum will approve legislative guidelines providing for some kind of reorganization of two pillars of the command economy, the State Planning Committee and the State Committee on Material-Technical Supply. We believe Gorbachev may also use the occasion (although Premier Ryzhkov may give the speech) to make a comprehensive statement of his economic reform agenda, perhaps giving a more coherent vision than he has to date of the sort of mechanism he intends to replace the one that he inherited. Despite the importance of this plenum, NIO/USSR believes it is unlikely that Gorbachev can do much more at this plenum than get the ball rolling on restructuring the economic mechanisms, and establishing the terms for future debate and decisions.

B. Warning

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We will be looking at the results of the plenum to gauge the future pace of economic reform. In particular, we would see the following results as indicating that Gorbachev has made headway against political and bureaucratic resistance to reform:

- Central economic ministries are pared substantially in structure or forced to accept a significant reduction in personnel.
- The new law governing the rights of enterprises that the plenum is supposed to approve has specific legal guarantees giving them protection against interference from central ministries.
- Enterprises are given wider authority to determine what to produce and from whom to purchase their inputs.
- Gorbachev uses the occasion to set out a more coherent blueprint for reform and to demonstrate leadership commitment to a course of change in the economy.



Robert Blackwell

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SUBJECT: Warning Assessment--USSR

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Outside Attendees

[redacted]
Judy Deane
Robert German

[redacted]
Don Graves

[redacted]
Craig Karp

DIA/DB

NSA

INR/SEE

INR/SEE

NSA

INR/SEE

DIA/DE

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Inside Attendees

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LDA

LDA/UE/POL

LDE/UE

FBIS/USSR

SOVA

OIA/TWFD/AB

NESA/SO/A

NESA/SO/A

SOVA/DPD

EPS [redacted]

LDA/UE/FAD

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